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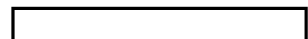
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State Dept. review completed

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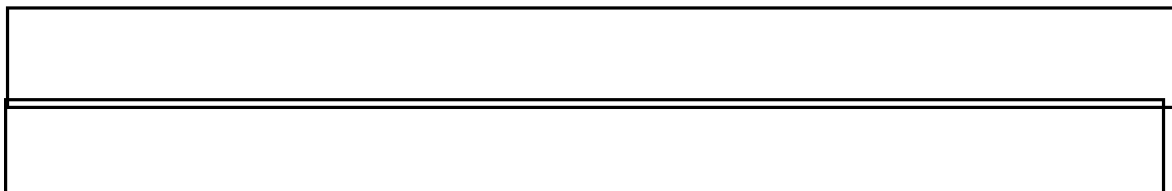
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TURKEY

The Turkish government evidently still hopes to avoid upsetting efforts currently under way to lift the US arms embargo, despite the expiration yesterday of its self-imposed deadline for rescinding the embargo.

Turkish Foreign Minister Caglayangil told Ambassador Macomber yesterday that his government would defer steps to place the US defense installations on a provisional status until new agreements are negotiated. Turkey was postponing action despite the fact that developments with respect to lifting the embargo were "not as strong as expected" during the 30-day grace period announced on June 17.

Caglayangil said any move to place the installations on a provisional status would create "difficulties" for President Ford's efforts to lift the embargo. He added that a final decision on the matter will be made once the US Congress has acted.

The foreign minister claimed, however, that it is necessary for Turkey to open negotiations immediately to revise the status of joint defense installations. He made it clear that such negotiations need not deal with substantive matters for some time, suggesting they are being initiated in part with an eye to mollifying the government's harsher critics. Caglayangil, pointing out to Ambassador Macomber that the previous day's cabinet discussion on the subject was "difficult," expressed concern about the domestic reaction to the government's temporizing action.

The first session between US and Turkish negotiators took place yesterday afternoon, but it was largely ceremonial. The Turkish side noted that it will not call for another meeting until the results of President Ford's effort with the Congress are known. [REDACTED]

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PORTUGAL

Rumors of an impending effort to unseat Prime Minister Goncalves continued to circulate in Lisbon yesterday, but there is no evidence of a struggle in the Revolutionary Council session on Wednesday that gave Goncalves the task of forming a new cabinet.

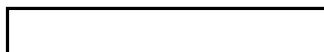
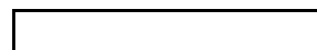
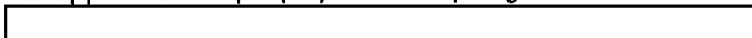
According to council spokesman Lourenco, Goncalves will decide whether to replace the entire cabinet or only those portfolios left vacant by the Socialist and the Popular Democratic resignations. The new "nonpartisan" cabinet reportedly will be composed of both military and civilian members, with the civilians appointed as individuals and not as party representatives.

Most of the civilians, however, will probably be pro-communist. Socialist leader Soares has said that no member of his party will serve in the new government as long as the differences between the Socialists and the Armed Forces Movement remain unresolved. The Popular Democrats will probably take the same line.

Moderate officers in the Revolutionary Council reportedly have planned to block Goncalves' effort to form a new cabinet. Should he present to the council and the President a cabinet list heavily weighted in favor of the Communists, the moderates could have their opportunity to move.



Some newly formed "popular committees" have scheduled a rally tonight in Oporto to compete with one planned by the Socialists. The Communists have issued a statement attacking the Socialists' plan to appeal to the people, and have pledged to resist the new "wave of reaction."



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VIETNAM

Hanoi has issued a strong blast against Secretary Kissinger's criticism of third-world countries in the UN, in a bid for support for its own application for UN membership. The commentary, published in the official party journal *Nhan Dan*, suggests that Hanoi will count heavily on nonaligned support to get into the General Assembly this year. A similar strategy presumably will be pursued by the Saigon-based communist administration. The Algerians reportedly will sponsor the Provisional Revolutionary Government.

In the *Nhan Dan* commentary, Hanoi chronicles a long history of "contemptible actions" by the US designed to control the UN. The commentary maintains that it was the seating of third-world countries in the early 1960s that undercut US control and that Afro-Asian-Latin American solidarity and effectiveness in the UN improved when these nations began to follow the Vietnamese model of struggling for "national independence and peace."

North Vietnam is probably confident of lining up the necessary votes among third-world and Socialist countries to get into the General Assembly.

The Vietnamese may believe they can build enough pressure in that body to discourage a veto by the US in the Security Council. Hanoi previously has registered concern about the US attitude and made it a topic of discussion in almost every recent contact with foreign governments on the subject of diplomatic representation.

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LAOS

The Lao communists, having forced a drastic reduction in the size and role of the US mission, are focusing on the activities of other diplomatic missions.

The Lao are moving rapidly to eliminate any non-communist foreign diplomatic presence outside of Vientiane—perhaps to give the communists an opportunity to install new administrations throughout the country without observation. The Thai, who have been subjected to virulent propaganda barrages for months, closed their three consulates last week because of uncertainty about the safety of their personnel. The Lao have also asked the French to close their three small military training missions in the provinces and have suggested that Japanese and Australian voluntary agencies end all activities outside Vientiane. The government has thrown up bureaucratic barriers to travel outside Vientiane by foreigners.

Although other non-communist missions in Vientiane have been spared intense harassment, pressure is building. All are finding it increasingly difficult to transact even the most routine business with the government. In contrast, the Soviets claim they are having no such problems. A pro-communist Vientiane newspaper recently lumped the Australians with the Thai as obstructers of progress toward national reconciliation. Leftist student spokesmen are saying that they are examining the size of diplomatic missions so as to recommend limitations to the government. These students in past months have been principal agents of the communists.

The French, British, Australians, and Japanese provide much-needed economic assistance through small aid projects and the Foreign Exchange Operations Fund (FEOF). The US, which provided the major share of funds for FEOF, recently made its final contribution to it.

The communists would like to continue to receive this assistance beyond the current calendar year, but they may insist that it be administered free of foreign control. Used to years of austerity in the caves at Sam Neua, most communist leaders probably see little reason to end the restrictions on the non-communist diplomatic presence just to ensure continued aid. [REDACTED]

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YUGOSLAVIA

Despite Moscow's efforts to improve ties with Belgrade, high-level Yugoslav authorities continue to view the USSR with distrust. At the same time, they are seeking Western support in the event of attempts by Moscow to influence developments in the post-Tito era.

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[redacted] suspicion of Soviet motives leads Belgrade officials to operate on the premise that Moscow will continue to stir up dissident groups in preparation for Tito's eventual demise. The Soviet activity is said to be taking place both at home and abroad and could include the Croatian exile terrorists, the Ustashi. The Soviet effort is intended to weaken Yugoslav internal security as a prelude to further Soviet penetration.

Yugoslav authorities are also said to be aware that Tito's death could trigger preplanned agitation by Soviet sympathizers, followed by "appeals" for Soviet forces to "restore order." Unlike the situation in Czechoslovakia in 1968, the [redacted] Yugoslav army will defend the country's territorial integrity—a principle Tito has succeeded in firmly establishing.

While Belgrade realizes its inability to resist a large-scale Soviet invasion—especially over terrain suitable for armored vehicles—the experience of Yugoslav partisans against the Germans during World War II has led officials to believe a similar campaign would exact a heavy toll from invading forces.

[redacted] the Yugoslav leadership does not expect substantial assistance from other nations to be forthcoming, should an invasion take place. The chances for success under these circumstances might be slim, but Yugoslav armed forces would oppose invading troops with all available resources. Yugoslavia, however, has not abandoned hope for outside aid. [redacted]

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President Tito, for his part, has in the past successfully courted the Soviets without effectively yielding Yugoslav independence or turning a blind eye to Soviet meddling. As the 1974 Cominformist affair illustrated, however, he is also aware that Moscow will not wait until his death before attempting to interfere in Yugoslavia's internal affairs. [redacted]

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ARGENTINA

Strong opposition to President Peron's policies and advisers continues to weaken her government. The most recent setbacks are the resignation of the president of the Central Bank, which occurred on July 16, and a renewed drive by labor leaders to terminate the political influence of former social welfare minister Lopez Rega, whom they apparently believe is still her chief aide.

Mrs. Peron has been absent from her office for two days because of what press aides describe as the flu. A press report indicates she is about to request a leave of absence; indeed, rumors have been circulating for some time that Mrs. Peron would depart temporarily or even resign.

The announcement of a new devaluation of the peso, the second in less than six weeks, sparked the resignation of the government's second highest economic official, Ricardo Cairolí, who stated publicly that he had not been consulted in the decision. His charge, if true, would highlight the lack of policy coordination at a time when Argentina is threatened with having to default on foreign debt obligations because of a lack of adequate federal reserves.

The government has not been able to formulate proposals for dealing with the worsening economic situation that are politically acceptable to labor. Minister of Economy Rodrigo, a protégé of Lopez Rega, is continuing to push most of the economic austerity program he outlined on June 30, but he is largely discredited and may soon be forced to resign. Strikes and work stoppages are occurring daily in various cities as worker dissatisfaction grows, out of concern that even the recent massive wage hikes soon will be eaten up by soaring inflation.

Labor leaders, formerly Mrs. Peron's strongest political supporters, have become her most persistent adversaries. They have requested another urgent meeting with her, undoubtedly to make new demands for the dismissal of Rodrigo. In addition, they have decided to press for a complete restructuring of the Peronist political hierarchy in order to eliminate the influence of Lopez Rega from the movement. They have informed Lopez Rega's son-in-law, Raul Lastiri, who heads the Chamber of Deputies, that they intend to choose new party officials soon.

Although there is no evidence of active military plotting against the government, restiveness about the lack of effective national leadership is increasing. Furthermore, by clinging to the hated Lopez Rega and retaining four cabinet ministers who are believed to be his allies, the President has alienated labor and Peronist political leaders.

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BRAZIL

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Security forces—[redacted]—which are increasingly apprehensive over opposition activities in congress and in the press, have recently accelerated arrests of communists and leftists.

About 100 were taken into custody recently in the states of Sao Paulo, Rio de Janeiro, and Bahia, and the Federal District of Brasilia. Despite President Geisel's strict orders against torture and illegal detention, some of those arrested in Sao Paulo reportedly were initially mistreated, held without the required notification being given within 48 hours of arrest, and not charged.

There are increasing indications of growing discontent by hard-line military officers and frustration over presidential moves toward political liberalization, which they consider a threat to the nation's internal security. Despite the strong admonitions by the President and the minister of justice, such intentional abuses undoubtedly will continue.

The officers' objective is to convince the President and other key military officers of the communist threat and to highlight the dangers of antigovernment criticism. They hope to exert pressure on the President to preserve and increase the use of extraconstitutional security regulations.

Thus, despite the President's desire to continue his program of relaxing political controls, pressures antagonistic to the program—including the need to preserve military unity—make further significant liberalization unlikely. [redacted]

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OAU

Foreign ministers of the Organization of African Unity meet today in Kampala, Uganda, in the preliminary phase of this year's OAU summit meeting. The heads of state and government are to convene from July 28 to August 3.

The summit will probably focus on the stalled Rhodesian settlement talks, proposals for closer Afro-Arab economic cooperation, and Africa's position on world economic reforms to be presented at the special session of the UN General Assembly in September.

The Palestine Liberation Organization has been invited to address the summit and will probably solicit support for a resolution calling for Israel's expulsion from the UN. Such a resolution was adopted at the Islamic foreign ministers' conference earlier this week. The Algerians would be willing enough to sponsor the resolution for the PLO. The Africans, however, may not be ready to commit themselves on the issue; they resent past Algerian pressure tactics and the Arabs' refusal so far to provide African countries with concessionary oil prices or significant development aid.

Problems such as the fighting in Angola, the Eritrean rebellion in Ethiopia, and Soviet military facilities in Somalia will probably not receive much, if any, formal attention. The OAU is reluctant to tackle issues that it regards as internal matters.

The OAU chairmanship for the coming year is expected to pass to Uganda's President Amin, since the position customarily is given to the summit host. The meeting could be more sparsely attended than usual because many chiefs of state do not want to be openly associated with Amin. Botswana President Khama has already publicly declared that his government will not participate. Other African leaders are trying to make the best of the situation. Nigeria's General Gowon, for one, has appealed for a successful summit in the interest of African unity.

The summit was postponed from mid-June to allow for participation by the leaders of Mozambique, the Cape Verde Republic, and the Democratic Republic of Sao Tome and Principe—all of which gained their independence from Portugal during the past month. Representatives of the Comoro Islands, which have declared independence from France, will also be on hand seeking OAU recognition.

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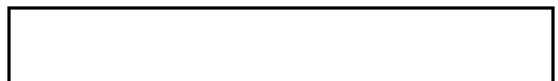
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